UNIVERSITY BUSINESS ADMINISTRATION

BY

J. C. CHRISTENSEN

FINANCIAL SECRETARY
KANSAS STATE AGRICULTURAL COLLEGE

A PAPER READ BEFORE A CONFERENCE OF BUSINESS OFFICERS
OF THE STATE UNIVERSITIES AND COLLEGES
OF THE MIDDLE WEST

CHICAGO, JANUARY 12 AND 13, 1912

ALSO

ORGANIZATION CHARTS

FOR THE

KANSAS STATE AGRICULTURAL COLLEGE

PRINTING DEPARTMENT
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IDEAS GLEANED IN A RECENT TRIP OF INSPECTION FOR THE STUDY OF UNIVERSITY BUSINESS ADMINISTRATION

In considering the subject assigned to me it should be understood that whatever I may say is simply a layman's opinion of university business administration, as my connection with the business office of a college commenced only a few months ago. Last September, when I was called from the Banking Department of my State to take up the work of reorganizing the business administration of the Kansas State Agricultural College, I was almost entirely ignorant of the nature of the business conducted by a college or a university. After familiarizing myself in a measure with the work before me in my new field, I took a trip to visit the leading colleges and universities in the northern and eastern parts of the United States to try to discover how the problems which were confronting me had been solved in other states. I soon discovered that the problems of Kansas were the problems of every other state and that the subjects which were interesting me were engaging the attention of the business managers of every institution I visited.

The time devoted to my trip of inspection was so brief that it was impossible to get more than a superficial view of matters, but I gained a number of ideas which have been helpful in my work. I devoted, on the average, one day to each institution, and most of that time I kept the business manager busy explaining how he conducted his business.

In presenting my subject to you it is not my purpose to go into details in regard to matters observed by me. I shall confine my remarks to a few general observations, and later I shall suggest an outline for the organization of the business administration of a university.

HISTORICAL DEVELOPMENT OF AMERICAN UNIVERSITIES

The history of one college is practically a duplicate of the history of every other college or university in America. Most of our universities have grown from small colleges. In the early

days the college consisted of a few professors, a building or two, and very limited equipment in libraries and laboratories, and still more limited resources in funds with which to pay current expenses. The principal, and almost the only large, item of expense was the salaries of the professors and instructors. The president was the business as well as the educational head of the college, but his energies in a business way were too often required in building up the resources of the institution instead of in organizing the administration of the business activities.

During the past twenty years there has been a remarkable growth in American educational institutions, and with this growth the business of these institutions has increased enormously. Not very many years ago the annual budget for current expenses of leading American universities did not exceed three or four hundred thousand dollars, while to-day the two-million mark has been approached by several institutions. While the salary list still remains the large part of the budget, the annual expenditures for equipment, laboratory supplies, libraries, collections, publications, heat, power, light, and the maintenance of the physical plant, has become very large.

EARLY ORGANIZATION OUTGROWN

In my trip of inspection I was impressed with the fact that the American university has outgrown its early organization, but I also found that in practically every institution visited, steps were being taken to reorganize the business administration. Without doubt, it is time that something be done in that line. The American university has become a large business corporation, and its business should be conducted according to the approved methods of modern corporations. There is no reason why the business of a university should not be conducted in a business-like way, and there is every reason why it should be. To place the business upon a thoroughly sound and efficient basis will not in any way interfere with the proper freedom and development of the university as an educational institution.

NEED OF BUSINESS ORGANIZATION NOT ALWAYS APPRECIATED

College and university authorities are apparently lacking in appreciation of the necessity for the proper organization of the business offices. This accounts for a great deal of the looseness in the business administration which has been found in several

institutions. In order to centralize authority and to fix responsibility definitely, it seems necessary that all the business of a university should be placed in charge of one man with sufficient authority to enforce his demands. This important principle has not been fully appreciated in several of our largest universities in which attempts have been made to introduce modern business methods. With the growth of a university and with the constant increase of business matters, the business offices have sometimes been organized into several distinct departments, but without a head over all of the departments. One university recently put in a purchasing department, but made the fatal error of not making that department a part of the business organization of the university. The purchasing agent had no one to appeal to in cases of disputes except the president of the university, and in this particular case that manner of appeal was practically worthless, as far as the efficient management of the purchasing department was concerned. This university has now made the university treasurer the business manager, and the president acts through him. All business offices are under control of the business manager.

CONCENTRATION ESSENTIAL

An objectionable manner of conducting business in several universities has been shown in the tendency to scatter through a number of offices what should be done in one office and under one authority. If I should be asked to name the one thing which I consider the most important step for an efficient business organization, I would say *concentration.* There should be concentration not only in the business but also in the educational administration. This scattering has frequently been caused by powerful deans or heads of departments assuming powers and duties which properly belong to the executive offices of the university proper. In some institutions the powers and duties of a dean are not clearly defined, and this lack of definite authority has caused confusion in the business offices. Without doubt, much of the detail work which is now being done in the offices of deans and heads of departments, in many institutions, could be better done in central offices under central authority. This applies not only to business administration, but also to educational matters. I find that several universities are now at work undoing what had been done several years ago in scattering authority and executive duties.

EDUCATIONAL AND BUSINESS ADMINISTRATION

A plan of organization which is being worked out in several universities provides for a division of the administrative duties along two lines: first, educational; and second, business. The president of the university is the head of the educational division as well as of the entire institution; but the details of all business matters are placed in charge of a business manager or comptroller.

The business manager should be of sufficient calibre to assume entire control of all business matters, and all officers who deal with business matters should report to him. The business manager would also be the logical secretary of the Board of Regents, or Trustees. It is highly important that the business manager be present at all meetings of the Board so that he may see that all matters relating to the business side of the university are properly looked after. It is seldom satisfactory to delegate such matters to persons who do not have a first-hand knowledge of the things to be presented.

PLAN OF BUSINESS ORGANIZATION

The outline which I shall give is capable of indefinite expansion. It is not original, but is a result of my observations of some of the best organization work that I discovered on my recent trip. This plan presupposes the organization of the university as above given with a division between educational and business activities, but I give here only the plan for the business organization.

OUTLINE OF BUSINESS ORGANIZATION

BUSINESS MANAGER*

The Business Manager is the head of business affairs. The President and Board of Regents act through him in the details of business matters.

1. *Business Office*

a. Accounting Department

Chief Clerk
Cashier
Bookkeeper
Voucher Clerk
Inventory Clerk
Time Clerk

b: Purchasing Department

Purchasing Agent
Order Clerk
Stenographer
Receiving Clerk
Stores and Storekeeper

2. *Superintendent of Buildings and Grounds*

The Superintendent has charge of the physical plant, and is superintendent of construction.

Superintendent
Draftsman
Clerk
Inspector

a. Heat, Power, Light, and Water

Superintendent
Assistants
Laborers

*The title of Business Manager is used to designate the chief business officer of a university. The title varies in different institutions, as Comptroller, Bursar, Financial Secretary, Treasurer, etc.

b. Repair Gangs

Carpenters
Painters
Plasterers
Stone Masons
Plumbers
Electricians
Etc.

c. Janitors and Caretakers

Head Janitor
Assistant Janitors
Cleaners
Caretakers
Night Watchman

d. Grounds, Roads, and Walks

Gardeners
Laborers

e. Fire Protection

f. General Care of Property, Police Duty

3. *Consulting Engineers and Architects*

For all new work and original planning, or material alterations to grounds, buildings, etc.

With an organization as above outlined, the proper machinery would be provided for efficient management and for the installation of an adequate accounting system. The accounting in most of our universities and colleges has, without doubt, been very unsatisfactory. To improve matters and to make it possible to install proper systems, it will be absolutely necessary to have the proper organization.

FINANCIAL REPORTS

The Carnegie Foundation for the Advancement of Teaching has called the attention of colleges and universities to the unsatisfactory manner in which financial reports of educational institutions are frequently made. I have examined a number of reports, and I must say that very few of those examined have been made from an accountant's standpoint. It seems reasonable to expect that the financial reports of educational institutions should give the

same information that is found in the financial reports of business corporations. The financial report should be a summary of the books of the institution, and therefore, if the proper reports are to be made, it will be necessary for all colleges and universities to install sets of books in place of a collection of registers, as is found in some institutions at the present time. The question that arises is: What should a published report give? The following items will give the necessary information a report should contain:

1. A balance sheet giving all assets and liabilities, with the proper supporting schedules.
2. A statement of receipts and disbursements, with appropriate analysis.

The uniform reports recommended by the Carnegie Foundation for the Advancement of Teaching give valuable suggestions along this line, and, if followed by the different institutions of the country, it will become possible to get reliable information relating to the business transactions of our colleges and universities.

STATE EDUCATIONAL INSTITUTIONS AND STATE ACCOUNTING

I believe that a large number of those present at this meeting come from state institutions, and therefore I wish to say something which concerns state institutions only. My inspection has shown that there are very few states in which the business of educational institutions is not hampered by obsolete and cumbersome methods of state accounting. It is impossible for a state institution to install a satisfactory system of accounting unless modern methods prevail at the State House. When accounts are paid only once each month, and then only after tedious delays at the offices of the State Auditor and the State Treasurer, the institution is the loser financially, and the bookkeepers at the institution are kept wondering whether it will do to close up the books for fear that the Auditor of State may reduce a voucher five cents on account of what he may consider as a too expensive meal item in a personal expense voucher. There is no reason why a state educational institution and a state should not do business in a business-like way. But to accomplish that it will be necessary to have some new legislation in most states. The Ohio State University is fortunate in that the State of Ohio has adopted modern methods in state accounting, but Ohio is the only state visited by me in which such legislation has been enacted.

In this connection I wish to say that it would be a fortunate thing if the business managers from state institutions who are here should get a movement started which would bring about modern methods of accounting in every state here represented. The colleges and universities could do no better service to the state than to secure such reforms. And such reforms are required for a thoroughly efficient business administration of state educational institutions.

COST ACCOUNTING

The subject of cost accounting in relation to educational institutions has been suggested. At Harvard a complete cost system was installed by a firm of accountants, but I was told that the authorities there doubt very much the advisability of carrying on such a system. It seems to me that it is not advisable to make an analysis of the cost of operation of an educational institution in the same manner as a manufacturer would do to determine the cost of making an automobile. In the first place, it is difficult to fix a basis for cost accounting in an educational institution. After a basis has been fixed, the results obtained would tend to give wrong impressions to the uninformed. A university may find it of advantage to maintain a department of instruction in which very few students enroll, but a comparison of such a department, in cost per student-hour, with another department in which instruction is given by lectures to large bodies of students, will furnish the demagogue with a weapon which might be used to the disadvantage of the university and to the detriment of the proper development of education. The cost per student-hour will not give much information of value in regard to the work of an educational institution.

PURCHASING DEPARTMENT

The plan of organization as suggested in my outline contemplates the organization of a central purchasing department. I will leave it to those who have had more actual experience with such a department to discuss the plan of operation and its advantages. There should be no question as to the advisability of such a department, as without it, it will be impossible properly to transact the business of a university. But in this connection I wish to say this, that business men who have not had actual knowledge of the business of a university frequently have wrong

ideas as to the management of a central purchasing department. In many manufacturing enterprises the purchasing is confined to buying large quantities of a few things, while in a university we have almost an endless number of things to be bought in small quantities, from an endless number of places. The central purchasing department cannot accomplish the saving that such a department might accomplish in manufacturing enterprises, but the saving would undoubtedly be considerable, anyway.

CENTRAL STORE ROOM

In connection with the central purchasing department, a storeroom should be provided. Central stores have been established at a few institutions, but as yet none, as far as I know, have been fully developed. It would seem that a central storeroom all under one management, rather than several storerooms, would be the proper arrangement, as cost of operation could thereby be reduced. A university uses an endless amount of things that could just as well be carried in stock for greater convenience.

CONCLUSION

My observations have shown that there is an awakening throughout the country in regard to a reorganization of the business administration of colleges and universities. During the past year several colleges and universities have created the position of business manager, while in others the powers of existing business officers have been increased to the end that all business matters might be centralized. Only a few weeks ago the University of California placed all business matters under the control of a newly elected comptroller. The tendency all over the country is along the lines outlined in this paper, and it is evident that the proper management of our large colleges and universities cannot be obtained in any other way.

ORGANIZATION CHARTS

FOR THE

KANSAS STATE AGRICULTURAL COLLEGE

PREPARED BY

J. C. CHRISTENSEN

Financial Secretary
Kansas State Agricultural College

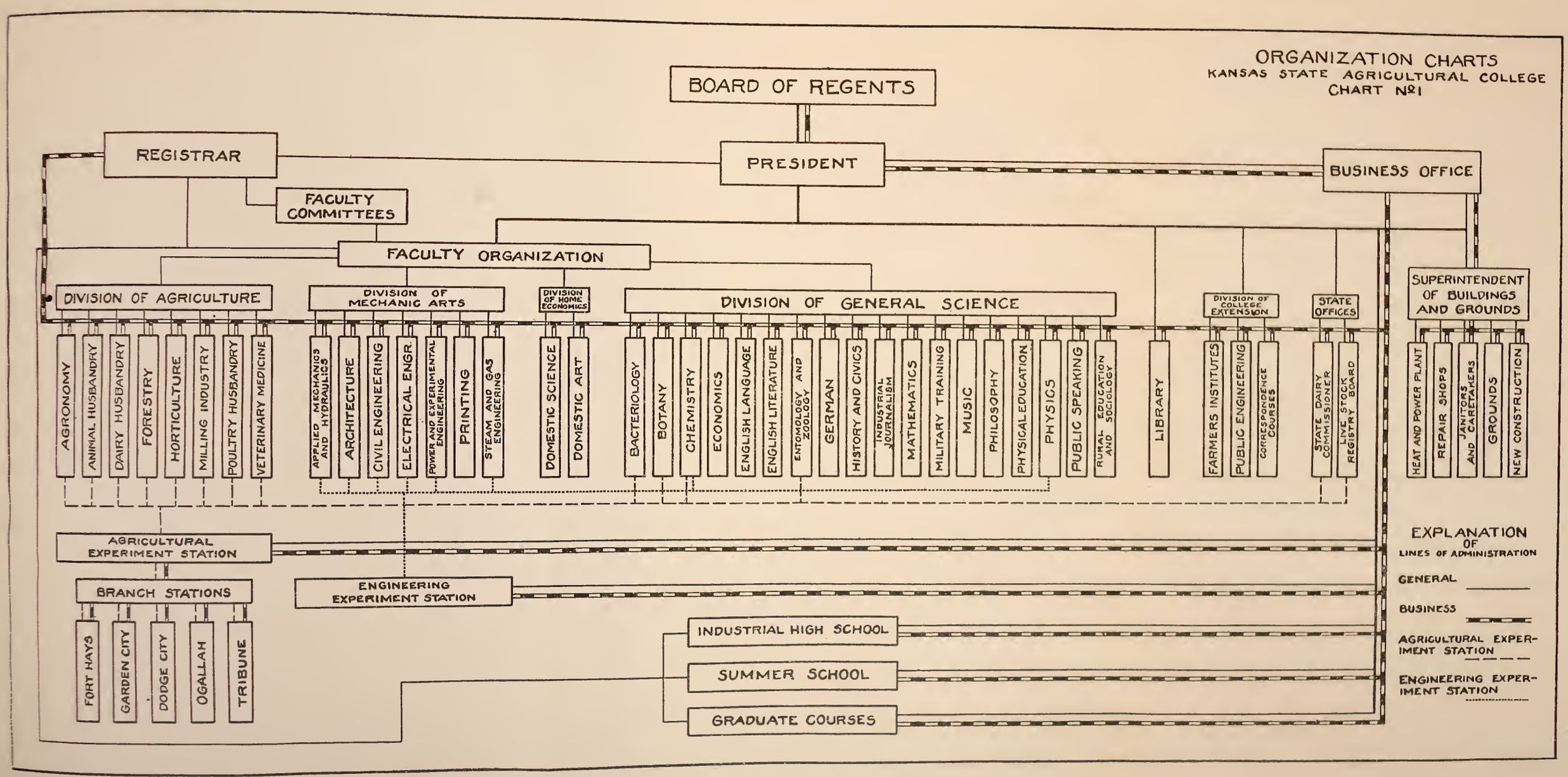
INTRODUCTORY NOTE

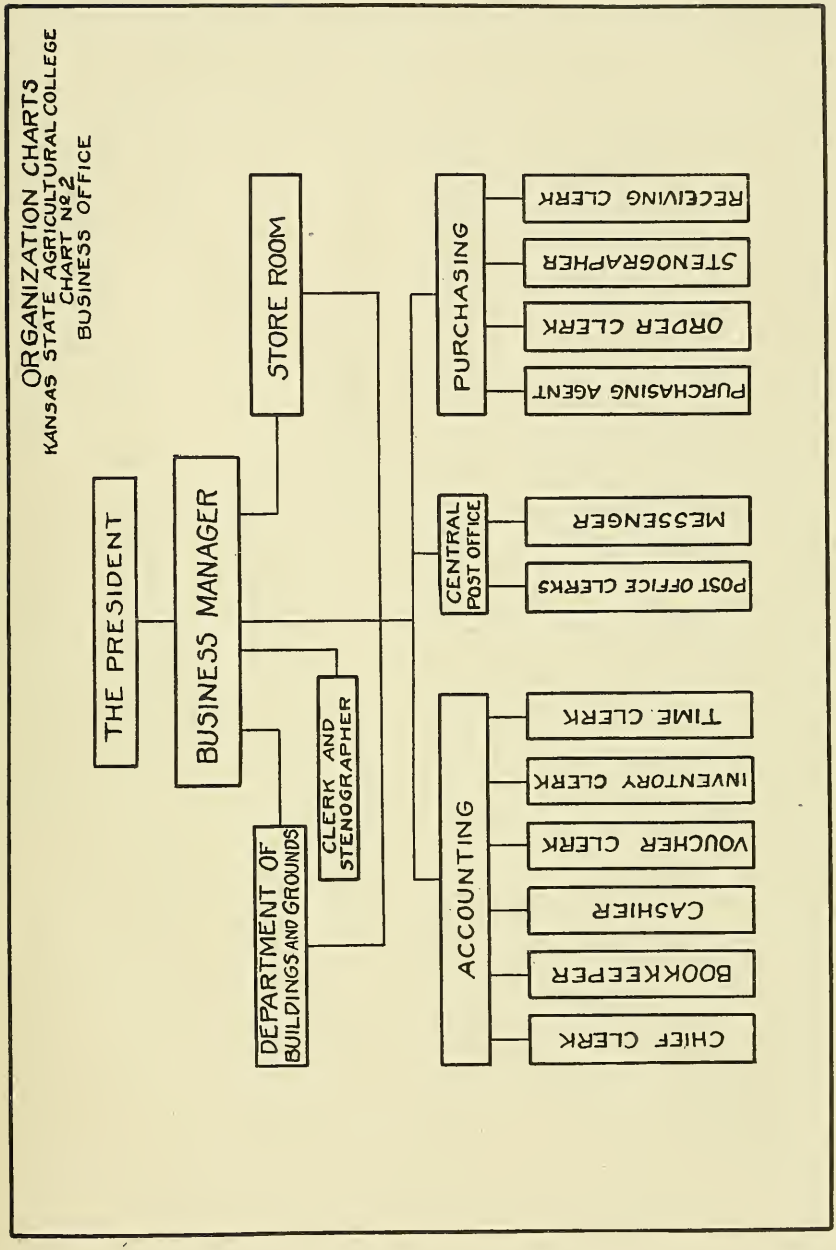
The accompanying charts have been prepared for the purpose of showing, in graphic form, the organization of the Kansas State Agricultural College into departments and divisions, and to show the principal lines of administration. An attempt has been made to present the best features of modern university and college organization as the same have been developed in leading American institutions, with such modifications and improvements as observation and experience have suggested.

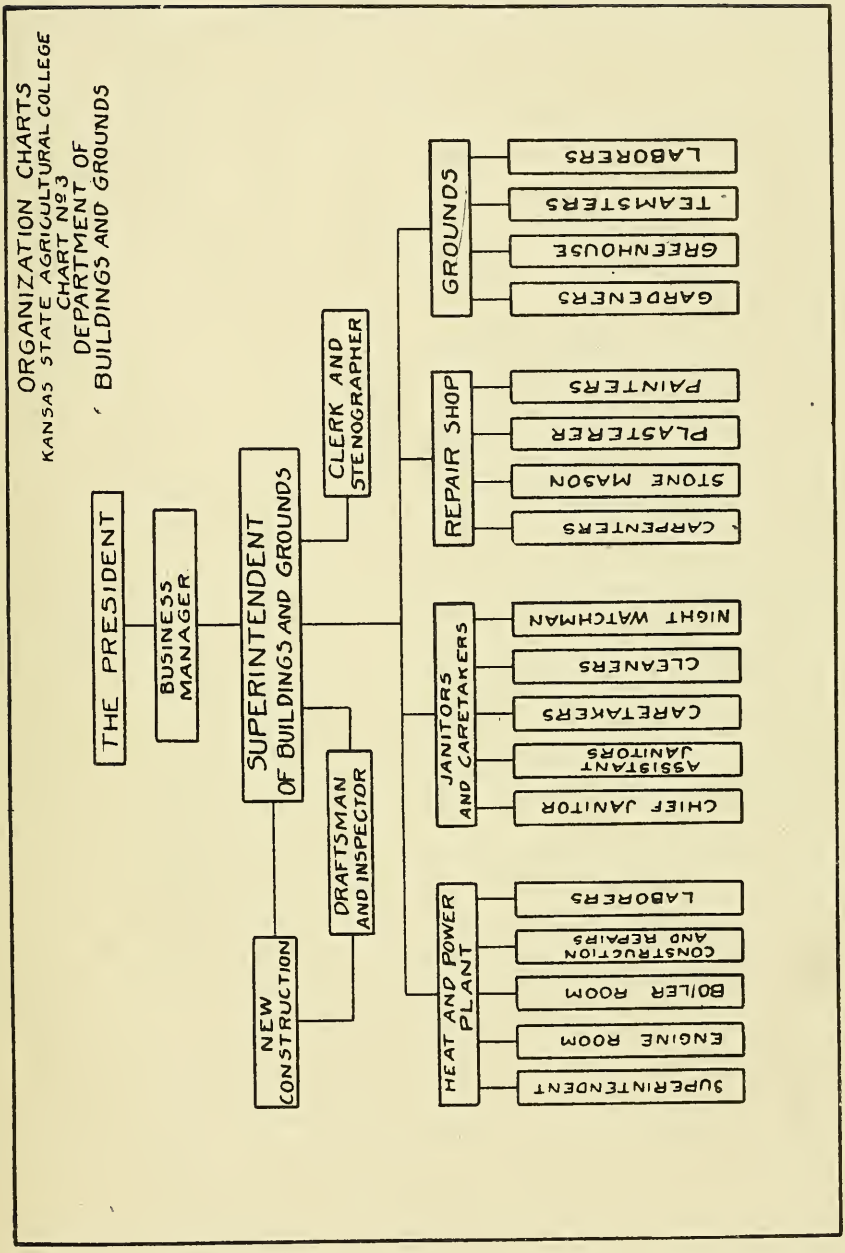
It is believed that the charts have been made sufficiently plain to show the general plan of organization, but several points may require special attention. The charts are intended to emphasize the following:

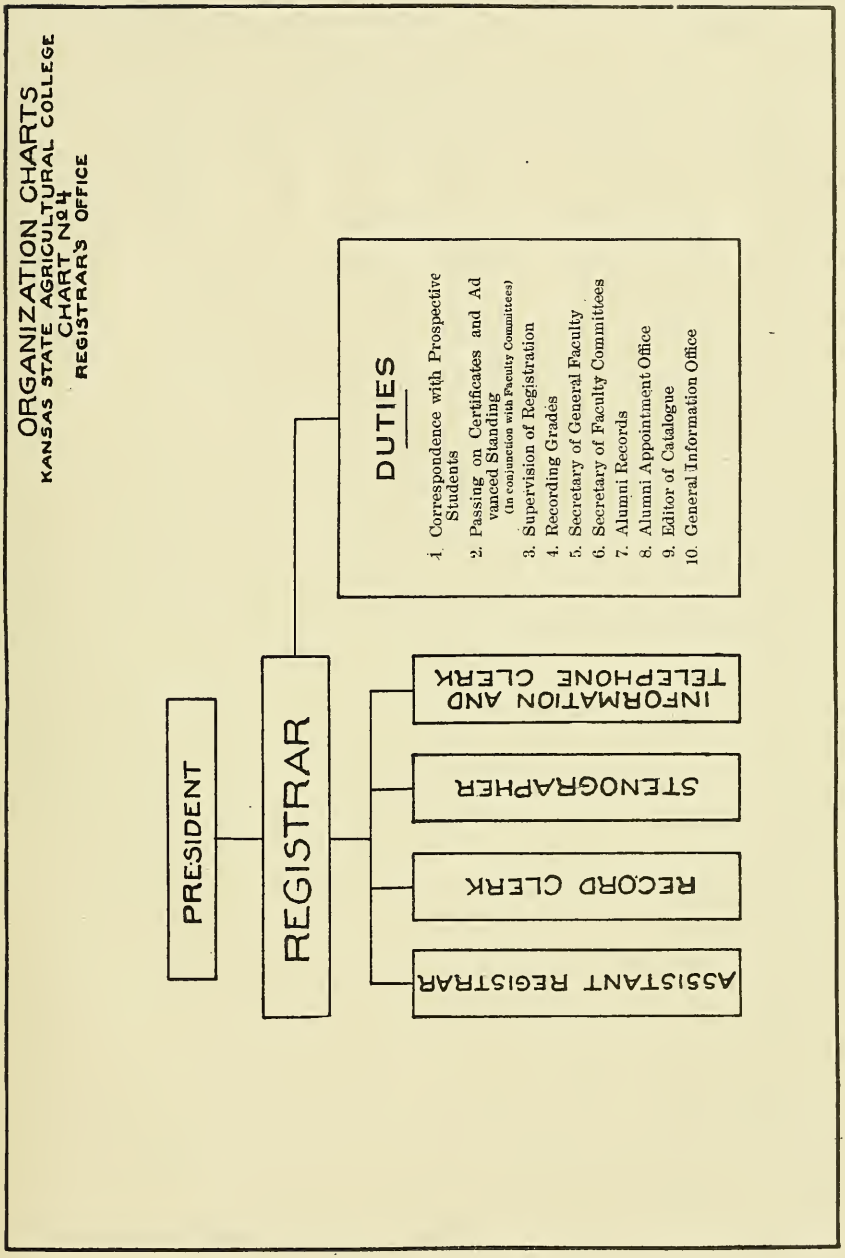
1. The centralization of all business matters in the business office, with the lines of business administration clearly defined.
2. The organization of a Department of Building and Grounds to have charge of the operation and maintenance of the physical plant and of new construction.
3. The centralization of all academic records in the registrar's office and the enlargement of the duties of that office.

Experience has shown that there are many matters connected with the administration of a college which are of a business nature, and such matters can be administered as efficiently by a college as by a private corporation if only the necessary organization is provided. This applies not only to purely business matters, such as the operation and maintenance of the physical plant, the construction of buildings and other improvements, the purchase of equipment and supplies, and the keeping of accounts, but also to the work of the registrar's office. The plan here outlined provides for the fullest application of business methods without decreasing academic efficiency.


ORGANIZATION CHARTS
KANSAS STATE AGRICULTURAL COLLEGE
CHART Nº1
BOARD OF REGENTS
REGISTRAR
PRESIDENT
BUSINESS OFFICE
FACULTY COMMITTEES
FACULTY ORGANIZATION
DIVISION OF AGRICULTURE
DIVISION OF MECHANIC ARTS
DIVISION OF HOME ECONOMICS
DIVISION OF GENERAL SCIENCE
DIVISION OF COLLEGE EXTENSION
STATE OFFICES
SUPERINTENDENT OF BUILDINGS AND GROUNDS
AGRONOMY
ANIMAL HUSBANDRY
DAIRY HUSBANDRY
FORESTRY
HORTICULTURE
MILLING INDUSTRY
POULTRY HUSBANDRY
VETERINARY MEDICINE
APPLIED MECHANICS AND HYDRAULICS
ARCHITECTURE
CIVIL ENGINEERING
ELECTRICAL ENGR.
POWER AND EXPERIMENTAL ENGINEERING
PRINTING
STEAM AND GAS ENGINEERING
DOMESTIC SCIENCE
DOMESTIC ART
BACTERIOLOGY
BOTANY
CHEMISTRY
ECONOMICS
ENGLISH LANGUAGE
ENGLISH LITERATURE
ENTOMOLOGY AND ZOOLOGY
GERMAN
HISTORY AND CIVICS
INDUSTRIAL JOURNALISM
MATHEMATICS
MILITARY TRAINING
MUSIC
PHILOSOPHY
PHYSICAL EDUCATION
PHYSICS
PUBLIC SPEAKING
RURAL EDUCATION AND SOCIOLOGY
LIBRARY
FARMERS INSTITUTES
PUBLIC ENGINEERING
CORRESPONDENCE COURSES
STATE DAIRY COMMISSIONER
LIVE STOCK REGISTRY BOARD
HEAT AND POWER PLANT
REPAIR SHOPS
JANITORS AND CARETAKERS
GROUNDS
NEW CONSTRUCTION
AGRICULTURAL EXPERIMENT STATION
BRANCH STATIONS
FORT HAYS
GARDEN CITY
DODGE CITY
OGALLAH
TRIBUNE
ENGINEERING EXPERIMENT STATION
INDUSTRIAL HIGH SCHOOL
SUMMER SCHOOL
GRADUATE COURSES
EXPLANATION OF LINES OF ADMINISTRATION
GENERAL
BUSINESS
AGRICULTURAL EXPERIMENT STATION
ENGINEERING EXPERIMENT STATION


ORGANIZATION CHARTS
KANSAS STATE AGRICULTURAL COLLEGE
CHART Nº 2
BUSINESS OFFICE
THE PRESIDENT
BUSINESS MANAGER
STORE ROOM
DEPARTMENT OF BUILDINGS AND GROUNDS
CLERK AND STENOGRAPHER
PURCHASING
RECEIVING CLERK
STENOGRAPHER
ORDER CLERK
PURCHASING AGENT
CENTRAL POST OFFICE
MESSENGER
POST OFFICE CLERKS
ACCOUNTING
TIME CLERK
INVENTORY CLERK
VOUCHER CLERK
CASHIER
BOOKKEEPER
CHIEF CLERK


ORGANIZATION CHARTS
KANSAS STATE AGRICULTURAL COLLEGE
CHART No 3
DEPARTMENT OF
BUILDINGS AND GROUNDS
THE PRESIDENT
BUSINESS MANAGER
SUPERINTENDENT OF BUILDINGS AND GROUNDS
CLERK AND STENOGRAPHER
DRAFTSMAN AND INSPECTOR
NEW CONSTRUCTION
GROUNDS
LABORERS
TEAMSTERS
GREENHOUSE
GARDENERS
REPAIR SHOP
PAINTERS
PLASTERER
STONE MASON
CARPENTERS
JANITORS AND CARETAKERS
NIGHT WATCHMAN
CLEANERS
CARETAKERS
ASSISTANT JANITORS
CHIEF JANITOR
HEAT AND POWER PLANT
LABORERS
CONSTRUCTION AND REPAIRS
BOILER ROOM
ENGINE ROOM
SUPERINTENDENT


ORGANIZATION CHARTS
KANSAS STATE AGRICULTURAL COLLEGE
CHART No 4
REGISTRAR'S OFFICE
PRESIDENT
REGISTRAR
ASSISTANT REGISTRAR
RECORD CLERK
STENOGRAPHER
INFORMATION AND TELEPHONE CLERK
DUTIES
1. Correspondence with Prospective Students
2. Passing on Certificates and Advanced Standing (In conjunction with Faculty Committees)
3. Supervision of Registration
4. Recording Grades
5. Secretary of General Faculty
6. Secretary of Faculty Committees
7. Alumni Records
8. Alumni Appointment Office
9. Editor of Catalogue
10. General Information Office

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